

TRANSLATION FROM GERMAN ORIGINAL

**Redemption Plan Concerning the  
Redemption of Participation Capital  
of Raiffeisen Bank International AG  
("Participation Capital 2008/2009")  
pursuant to sec. 26b of the Austrian Banking Act  
(*Bankwesengesetz, BWG*)**

Pursuant to sec. 103q No. 14 of the BWG in conjunction with sec. 26b of the BWG and (by analogy) sec. 2 para. 3 of the Austrian Reorganization Act (*Umwandlungsgesetz, UmwG*) in conjunction with sec. 220 of the Austrian Stock Corporation Act (*Aktiengesetz, AktG*), the management board of Raiffeisen Bank International AG ("**RBI**" or the "**Company**"), of Am Stadtpark 9, 1030 Vienna, entered into the commercial register of the Commercial Court of Vienna under FN 122119 m, on February 13, 2014 issued a draft of a redemption plan providing for the redemption of the entire participation capital issued by the Company (hereinafter the "**Participation Capital 2008/2009**"), thus 10 series of EUR 250,000,000 each. By its decision dated June 3, 2014, the Financial Market Authority in accordance with sec. 26b para. 1 of the BWG in conjunction with Article 77 of Regulation (EU) No 575/2013 granted permission to RBI to redeem participation capital, pursuant to which issued series of the Participation Capital 2008/2009 in the nominal value of 1.75 billion can be redeemed immediately and without conditions and further issued series of the Participation Capital 2008/2009 can be redeemed subject to the condition that notwithstanding the reduction of (consolidated) own funds caused by effecting the respective redemption the target value of a total capital ratio of 14.2% is not fallen short of until September 30, 2014 on the consolidated level of the parent credit institution Raiffeisen Zentralbank Österreich Aktiengesellschaft ("**RZB**").

Consequently, based on the basic resolution adopted by the management board to redeem the entire Participation Capital 2008/2009, all seven series of 250,000,000 each, thus EUR 1.75 billion of the participation capital subscribed to by the Republic of Austria, are to be redeemed immediately. After the redemption of seven series of EUR 250,000,000 each, RZB will have a total capital ratio of 14.2 % on the consolidated level.

Pursuant to sec. 103q No. 14 of the BWG in conjunction with sec. 26b of the BWG and (by analogy) sec. 2 para. 3 of the UmwG) in conjunction with sec. 220 of the AktG, the management board of RBI, based on the draft of the redemption plan and taking into account the condition imposed by the Financial Market Authority in accordance with sec. 26b para. 1 of the BWG in the approval procedure, therefore issues the following

## **Redemption Plan**

### **1. Redemption; regulatory framework**

- 1.1 On the basis of the "Terms and Conditions of the Raiffeisen Participation Capital 2008/2009 of Raiffeisen Zentralbank Österreich Aktiengesellschaft ("Participation

Capital 2008/2009") ("PC Terms"), RZB (also referred to as the "Issuer"), of Am Stadtpark 9, 1030 Vienna, entered into the commercial register of the Commercial Court of Vienna under FN 58882 t, issued participation capital totaling EUR 2,500,000,000 (hereinafter the "**Participation Capital 2008/2009**"). Of this issue, some shareholders of RZB and/or its subsidiaries and investees (collectively the "**Offerors**") as of the value date of December 30, 2008 subscribed to EUR 750,000,000 ("**Tranche 1**"), comprised of 3 series of EUR 250,000,000 each, and the Republic of Austria as of the value date April 6, 2009 subscribed to EUR 1,750,000,000 ("**Tranche 2**"), comprised of 7 series of EUR 250,000,000 each. The issue of the Participation Capital 2008/2009 is thus subdivided into a total of ten series in the nominal value of EUR 250,000,000 each. The Offerors placed series 1 and 2 of the Participation Capital 2008/2009, thus participation capital in the nominal value of EUR 500,000,000, with private and institutional investors by public offering.

1.2 The Participation Capital 2008/2009 was transferred to RBI by way of universal succession on October 10, 2010, through the de-merger of the "Corporate Customers" business unit of RZB for the purpose of absorption by Cembra Beteiligungs AG ("**Cembra**"), of Am Stadtpark 9, 1030 Vienna, (formerly) entered into the commercial register of the Commercial Court of Vienna under FN 125395 f, and the subsequent merger of Cembra with and into RBI, and is composed as follows:

- "Participation Capital 2008/2009", 250,000 units in the nominal value of EUR 1,000 each,  
ISIN AT0000A0DF21; subscribed to by the Offerors and placed by them with private and institutional investors by public offering.
- "Participation Capital 2008/2009", 250,000 units in the nominal value of EUR 1,000 each,  
ISIN AT0000A0DF39; subscribed to by the Offerors and placed by them with private and institutional investors by public offering.
- "Participation Capital 2008/2009", 250,000 units in the nominal value of EUR 1,000 each,  
ISIN AT0000A0DF47; subscribed to by the Offerors.
- "Participation Capital 2008/2009", 250,000 units in the nominal value of EUR 1,000 each,  
ISIN AT0000A0D8V0; subscribed to by the Republic of Austria on the basis of the Austrian Financial Market Stabilization Act (*Finanzmarktstabilitätsgesetz*,

*FinStaG*) (Federal Law Gazette I 136/2008, as amended) and the agreement in principle (*Grundsatzvereinbarung*), concluded between the Republic of Austria, represented by the Federal Minister of Finance, and the Issuer on March 27, 2009 ("**Agreement in Principle**").

- "Participation Capital 2008/2009", 250,000 units in the nominal value of EUR 1,000 each,  
ISIN AT0000A0D8W8; subscribed to by the Republic of Austria on the basis of the *FinStaG* (Federal Law Gazette I 136/2008, as amended) and the Agreement in Principle.
- "Participation Capital 2008/2009", 250,000 units in the nominal value of EUR 1,000 each,  
ISIN AT0000A0D8X6; subscribed to by the Republic of Austria on the basis of the *FinStaG* (Federal Law Gazette I 136/2008, as amended) and the Agreement in Principle.
- "Participation Capital 2008/2009", 250,000 units in the nominal value of EUR 1,000 each,  
ISIN AT0000A0D8Y4; subscribed to by the Republic of Austria on the basis of the *FinStaG* (Federal Law Gazette I 136/2008, as amended) and the Agreement in Principle.
- "Participation Capital 2008/2009", 250,000 units in the nominal value of EUR 1,000 each,  
ISIN AT0000A0D8Z1; subscribed to by the Republic of Austria on the basis of the *FinStaG* (Federal Law Gazette I 136/2008, as amended) and the Agreement in Principle.
- "Participation Capital 2008/2009", 250,000 units in the nominal value of EUR 1,000 each,  
ISIN AT0000A0D907; subscribed to by the Republic of Austria on the basis of the *FinStaG* (Federal Law Gazette I 136/2008, as amended) and the Agreement in Principle.
- "Participation Capital 2008/2009", 250,000 units in the nominal value of EUR 1,000 each,

ISIN AT0000A0D915; subscribed to by the Republic of Austria on the basis of the FinStaG (Federal Law Gazette I 136/2008, as amended) and the Agreement in Principle.

- 1.3 Until December 31, 2013, the redemption of participation capital was regulated by sec. 102a of the BWG. For systemic reasons, sec. 102a of the BWG became sec. 26b of the BWG and was revised, by Federal Law Gazette I 184/2013. Pursuant to sec. 103q No. 14 of the BWG, sec. 26b of the BWG is applicable to participation capital (sec. 23 para. 4 of the BWG as amended prior to Federal Law Gazette I No. 184/2013) issued before December 31, 2011, in the period from January 1, 2014 through December 31, 2021.
- 1.4 Pursuant to sec. 26b para. 2 second sentence in conjunction with para. 1 of the BWG in conjunction with § 4 para. 7 of the articles of association as applicable, the management board of RBI is authorized to redeem the entire participation capital or the participation capital of individual tranches already distinguished upon issuance, with the consent of the supervisory board and taking into account the issuing terms, within five years after the entry of the relevant amendment to the articles of association into the commercial register (September 7, 2011); partial redemption of the participation capital of individual issues or tranches shall be permitted if equal treatment of the beneficiaries of participation capital is warranted.
- 1.5 Due to a change in the regulatory framework, it will no longer be possible in the future to fully recognize participation capital as Common Equity Tier 1.
- 1.6 On February 13, 2014, the management board of the Company therefore adopted the basic resolution to exercise the authorization pursuant to § 4 para. 7 of the articles of association as applicable and to effect the redemption of the entire outstanding Participation Capital 2008/2009 by way of application of sec. 26b *et seq.*
- 1.7 RBI is a stock corporation under Austrian law with its registered office in Vienna, Austria, and a credit institution pursuant to sec. 1 para. 1 of the BWG. The RBI shares are listed for trading on the Official Market of the Vienna Stock Exchange. The Participation Capital 2008/2009 is not listed for trading on any stock exchange or on any multilateral trading facility (MTF). The requirements under sec. 26b para. 3, first sentence, of the BWG are therefore not met.

- 1.8 The redemption of the Participation Capital 2008/2009 is based on the Company's audited interim financial statements as of September 30, 2013 as closing balance sheet, by way of application by analogy of sec. 220 para. 3 of the AktG.

## **2. Participation capital affected by the redemption**

- 2.1 On June 3, 2014, the management board resolved pursuant to sec. 26b of the BWG, in correspondence with the permission granted by the Financial Market Authority, to redeem series ISIN AT0000A0D8V0, ISIN AT0000A0D8W8, ISIN AT0000A0D8X6, ISIN AT0000A0D8Y4, ISIN AT0000A0D8Z1, ISIN AT0000A0D907 and ISIN AT0000A0D915 of the Participation Capital 2008/2009 subscribed to by the Republic of Austria, i.e. 250,000 units in the nominal value of EUR 1,000 each, thus a total of EUR 1.75 billion, immediately and on the basis of the Company's interim financial statements as of September 30, 2013 as closing balance sheet bearing an unqualified auditor's opinion.
- 2.2 Further issued series of the Participation Capital 2008/2009 (ISIN AT0000A0DF21, ISIN AT0000A0DF39 and ISIN AT0000A0DF47) can be redeemed pursuant to the permission granted by the Financial Market Authority, provided that on account of the respective redemption the target value of a total capital ratio of at least 14.2% is not fallen short of until September 30, 2014 on the consolidated level of the parent credit institution RZB and the management board of RBI adopts a corresponding redemption resolution with the consent of the supervisory board. If the series mentioned should not be redeemed until after June 30, 2014 but before September 30, 2014, the annual balance sheet of RBI as of December 31, 2013 shall be deemed the closing balance sheet. If redemption of the series mentioned should be further delayed, the last balance sheet of RBI drawn up in accordance with the rules stipulated in the Austrian Commercial Code (*Unternehmensgesetzbuch, UGB*) regarding the annual financial statements and the audit thereof and having a closing date preceding the date of effectiveness of the respective redemption (see clause 3.3) by not more than nine months shall be deemed the closing balance sheet.
- 2.3 Pursuant to the Explanatory Materials regarding sec. 102a para. 1 of the BWG as amended by Federal Law Gazette I No. 152/2009, the repayment of participation capital subscribed to by the Republic of Austria on the basis of the FinStaG is in the vital interest of RBI as, in connection with the payment of the participation capital, the Republic of Austria on account of the rules governing state aid had to be granted a wide variety of (special) rights limiting the capacity for action in the context of corporate management. The European Commission, too, when authorizing state aid

in the form of the banking package proceeded from the assumption that this would not mean equity participations of unlimited duration, and this creates an added public interest in the repayment of funds received under the bank stability package. Unequal treatment of beneficiaries of the participation capital within the meaning of sec. 26b para. 1 third sentence in conjunction with sec. 47a of the AktG in that, when effecting a partial redemption of participation capital, participation capital subscribed to by the Republic of Austria is redeemed with priority in terms of time, is thus objectively justified, suitable and proportionate from the perspective of the Company as well as that of the European Commission in order to give effect to the mentioned interests worthy of protection and is therefore permitted.

### **3. Cash compensation and consequences of redemption**

- 3.1 Pursuant to sec. 26b para. 4 of the BWG, the Company must grant the beneficiaries of the Participation Capital 2008/2009 adequate cash compensation. The provisions of sec. 2 para. 3 of the UmwG must be applied by analogy as regards the reports to be drawn up, the audits and the legal remedies available to beneficiaries entitled to compensation. Pursuant to the clause "Issuer's right to repayment" of the PC Terms, the adequate cash compensation therefore corresponds to the nominal value, i.e. EUR 1,000 per participation certificate.
- 3.2 The participation dividend is due for payment at the same time as the dividends for the respective business year due on the shares of the Company. According to the PC Terms, the participation dividend for the business year 2013 amounts to 8% per year of the nominal value of the participation certificate. Pursuant to the PC Terms, the participation dividend increases by 50 basis points each for the business years 2014 and 2015, by 75 basis points for the business year 2016 and by 100 basis points for each following business year, capped at the arithmetic mean of the 12-month EURIBOR rates of the respective business year plus a premium of 1,000 basis points. For the period from the start of the business year (January 1) of the redemption until (and including) the calendar day preceding the value date of the cash compensation as mentioned in clause 3.4, a *pro rata temporis* participation dividend will be paid if and to the extent that such distribution is sufficiently covered by the annual profits (after changes in reserves) for the respective business year and is not opposed by statutory provisions or an enforcement measure taken by the Austrian Financial Market Authority (or any other regulatory authority of relevance for the Company). According to the PC Terms, the *pro rata temporis* participation dividend for the business year 2014 amounts to 8.50% per year of the nominal value of the participation certificate. The *pro rata temporis* participation dividend is due for

payment at the same time as the dividends for the respective business year due on the shares of the Company. If, without any statutory obligation or any instructions from a regulatory authority, distributable annual profits have been retained to such effect that the (*pro rata temporis*) participation dividend is not, or not fully, paid, the beneficiaries, as an after-effect of the regulations of the PC Terms set forth under "Issuer's right to repayment", para. 3, shall have a pro-rata claim to compensation in the amount of the sum(s) retained without any statutory obligation or any instructions from a regulatory authority, to the extent that the (*pro rata temporis*) participation dividend still due after the redemption has been fallen short of on account of such retention. The claim to compensation shall be due for payment on the date the dividend would be due on shares (10 days after the general meeting of shareholders resolving on the release from liability for the respective business year).

- 3.3 Upon announcement of the resolution by the management board and the supervisory board on the redemption of the respective series, such series is/are considered redeemed pursuant to sec. 26b para. 6 of the BWG. The former holders of the redeemed participation certificates are therefore exclusively entitled to cash compensation (sec. 26b para. 6 of the BWG).
- 3.4 The cash compensation for the series ISIN AT0000A0D8V0, ISIN AT0000A0D8W8, ISIN AT0000A0D8X6, ISIN AT0000A0D8Y4, ISIN AT0000A0D8Z1, ISIN AT0000A0D907 and ISIN AT0000A0D915 shall be paid out as of the value date June 6, 2014. The cash compensation for the series ISIN AT0000A0DF21, ISIN AT0000A0DF39 and ISIN AT0000A0DF47 shall be paid out as of the value date of the corresponding announcement pursuant to sec. 26b para. 6 of the BWG (= date of effectiveness of the redemption) plus one banking day. Any change of the mentioned dates will be published. The cash compensation shall in each case be paid free and clear of any charges or deductions and waiving any possible offsetting.
- 3.5 Pursuant to sec. 26b para. 8 of the BWG, participation capital must generally be redeemed against the net profits arising from the annual balance sheet or against an unappropriated reserve, but it may also be redeemed if capital of the same or of a better quality is supplied as substitute. By the increase of the Company's capital concluded as of February 12, 2014, capital of a better quality within the meaning of sec. 26b para. 8 of the BWG in the amount of EUR 2,778,006,549 was supplied as substitute.



#### **4. Trustee**

RZB is to be appointed trustee under sec. 26b para. 7 of the BWG in respect of amounts to compensate beneficiaries of the Participation Capital 2008/2009 to be redeemed which cannot be credited to an account or in respect of which the beneficiary does not make any arrangement.

#### **5. Special rights (sec. 220 para. 2 No. 6 of the AktG)**

No special rights or other rights within the meaning of sec. 220 para. 2 No. 6 of the AktG shall be granted either to shareholders or to holders of debentures or profit participation rights. No measures within the meaning of sec. 220 para. 2 No. 6 in conjunction with sec. 226 para. 3 of the AktG shall be taken.

#### **6. Special benefits (sec. 220 para. 2 No. 7 of the AktG)**

6.1 Neither the members of the management board of RBI nor the members of the supervisory board of RBI, nor an auditor of financial statements, bank auditor, redemption auditor or any other auditor of RBI or any company participating in the redemption shall be granted any special benefits pursuant to sec. 220 para. 2 No. 7 of the AktG.

6.2 The reasonable fees payable to the redemption auditor for the redemption audit pursuant to sec. 220b of the AktG (by analogy) do not constitute a special benefit as defined in sec. 220 para. 2 No. 7 of the AktG.

#### **7. Judicial review of the adequacy of cash compensation**

7.1 Within a period of at least one month to be applied (by analogy) pursuant to sec. 26b para. 4 of the BWG and sec. 2 para. 3 of the UmwG in conjunction with sec. 221a of the AktG, the management board of RBI, prior to its own resolution and the resolution by the supervisory board on the redemption, has timely filed the draft of the Redemption Plan with the commercial register after review by the supervisory board and published a reference to such filing in the official gazette "*Amtsblatt zur Wiener Zeitung*". In addition, by way of application by analogy of the mentioned provisions, (i) the draft of the Redemption Plan, (ii) the report by the management board on the redemption, (iii) the audit report by the court-appointed redemption auditor, (iv) the report by the supervisory board on the review of the redemption, (v) the annual financial statements and management reports and the corporate governance reports

for the last three business years, (vi) the interim financial statements as of September 30, 2013 as closing balance sheet as well as (vii) the semi-annual financial report 2013 are available at the Company's registered office for inspection by the shareholders and the holders of participation capital and have been made accessible on the Company's website at ([www.rbinternational.com/ir/partizipationskapital](http://www.rbinternational.com/ir/partizipationskapital)) during that period.

- 7.2 Resolutions by the management board on the redemption based on the authorization granted pursuant to § 4 para. 7 of the articles of association will be published in the official gazette "*Amtsblatt zur Wiener Zeitung*" in accordance with the issuing terms.
- 7.3 To safeguard their respective right to receive adequate cash compensation, the beneficiaries of the Participation Capital 2008/2009 may have reviewed by court, within one month of announcement of the respective resolution by the management board and the supervisory board (see clause 7.2 of the Redemption Plan), the calculation of the cash compensation for the participation capital to be redeemed.
- 7.4 By way of application by analogy of the provisions of merger and reorganization law, the respective beneficiary of the Participation Capital 2008/2009 may initiate a procedure for judicial review of the adequacy of the compensation as cash compensation for the Participation Capital 2008/2009 to be redeemed. Such procedure will take place by way of application by analogy of sections 225c *et seq.* of the AktG. The procedure must be initiated with the court having jurisdiction at the registered office of the Company, i.e. the Commercial Court of Vienna, of Marxergasse 1a, 1030 Vienna. The procedure must be conducted by way of application by analogy of sec. 225e of the AktG. To safeguard the rights of beneficiaries who did not file an application for judicial review, a joint representative would have to be appointed pursuant to sections 225 *et seq.* of the AktG in case such procedure is initiated.

## **8. Costs**

All costs in relation to the redemption of the Participation Capital 2008/2009 will be borne by the Company.

Vienna,

Raiffeisen Bank International AG

For the management board

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Karl Sevelda

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Martin Grill